

International Business News

Bank of America to buy Merrill Lynch for \$50b

AFP, Washington

Bank of America has agreed to buy investment bank Merrill Lynch for 50 billion dollars in a transaction that creates the world's largest financial services company, the bank announced early Monday.

"Acquiring one of the premier wealth management, capital markets and advisory companies is a great opportunity for our shareholders," Bank of America Chairman and Chief Executive Officer Ken Lewis said in a statement of the 35-million-euro deal.

"Together, our companies are more valuable because of the synergies in our businesses."

John Thain, chairman and CEO of Merrill Lynch, said he looked forward to working with Bank of America to create "what will be the leading financial institution in the world."

Under the terms of the transaction, Bank of America would exchange 0.8595 of its shares for each Merrill Lynch common share.

The transaction has been approved by directors of both companies and is subject to shareholder votes and standard regulatory approvals. It is expected to be finalized in the first quarter of 2009.

Three directors of Merrill Lynch will join the Bank of America board.

Following the acquisition of Merrill Lynch, Bank of America would have the largest brokerage in the world with more than 20,000 advisers and 2.5 trillion dollars in client assets.

Global banks pledge \$70b to ease credit crunch

AFP, Washington

A consortium of 10 global commercial and investment banks announced plans Sunday to provide 70 billion dollars to help offset a credit squeeze amid an anticipated collapse of Wall Street giant Lehman Brothers.

Bank of America, Barclays, Citibank, Credit Suisse, Deutsche Bank, Goldman Sachs, JPMorgan Chase, Merrill Lynch, Morgan Stanley, and UBS, said in a joint statement they "initiated a series of actions to help enhance liquidity and mitigate the unprecedented volatility and other challenges affecting global equity and debt markets."

They agreed to create a "collateralized borrowing facility" of 70 billion dollars, with each bank contributing seven billion dollars, to help ease access to credit.

They also said they would work together "to help facilitate an orderly resolution" of the derivatives exposures between Lehman Brothers and its counterparties.

"These actions reflect the extraordinary market environment," the statement said.



Containers are seen at a terminal overlooking Victoria Harbour in Hong Kong yesterday. The United States and China will hold cabinet-level trade talks in California this week amid tensions over the huge Chinese export surplus and worries about the slowing global economy.

China appeals against WTO car parts ruling

AFP, Geneva

China has lodged an appeal at the World Trade Organisation against a ruling on its imported car tariffs which found Beijing's measures to be "inconsistent" with trade rules, a WTO source told AFP Monday.

"China has appealed," a WTO spokeswoman said just hours before the organisation's Dispute Settlement Body (DSB) was due to meet to formally adopt the ruling.

Beijing had already signalled its intention to appeal in July, saying that it "does not completely agree with the content and conclusion of the dispute settlement panel's report".

"According to the dispute resolution procedures of the WTO, the Chinese side reserves the right to appeal."

"The affair is now in the hands of the DSB," the spokeswoman said, adding that the body will have between 60 and 90 days to come up with a new report.

Beijing has a minimum local content requirement of 60 percent for home produced cars. A vehicle that fails the criterion suffers the same tariff as if it had been imported completely built.

Business leaders say Britain slipping into recession

AFP, London

Britain's main association of business leaders became the latest group Monday to warn that the country was slipping into a recession, although it said the downturn should be short-lived.

In its latest economic forecast, the Confederation of British Industry (CBI) predicted a "shallow recession" with the economy shrinking by 0.2 percent between July and September and a further 0.1 percent by the end of the year.

A recession is defined as two consecutive quarters of negative growth.

The outlook follows similar predictions by the European Commission and the Paris-based Organisation for Economic Cooperation and Development (OECD).

The CBI cut this year's growth forecast from 1.7 to 1.1 percent and said unemployment would likely top two million next year.

INTERVIEW

Downside of tech: Heavy costs

Nokia's local boss speaks to The Daily Star on 3G technology

MD HASAN

Technology is like a light bulb. When it is broken, people unplug it, throw it away and plug in another. This is a dictum, and undoubtedly chased by such devices as cellphone sets.

The Bangladesh chief of heavy-weight mobile phone brand Nokia is just waiting in a relaxed mood to brace for any new technology and trend, but says 'affordability' will be the key challenge to the country.

Prem Chand, managing director of Nokia Emerging Asia, points to the services such as wireless internet, which could remain beyond the easy reach of most people.

The people living under the poverty line underpin his observation.

"There is no doubt that the upcoming 3G or WiMax technology will bolster the country's economy. But in a market like Bangladesh, affordability is one of the most critical issues standing in the ways of reaching the broadband benefits to the mass," said a confident Chand.

Indicating to the government's ongoing preparations of issuing WiMax and 3G licences, he said the government should look at people's affordability so most get the services from the beginning.

"Any new technology uplifts a country's growth. But it depends on how much customers actually can pay for the services offered by the technology," Chand said, as technologies like 3G and WiMax cost high.

Bangladesh Telecommunication Regulatory Commission (BTRC) has a plan to issue three WiMax licences this month and four 3G licences by January 2009. According to the regulator's policy, both the technologies will be open to mobilephones.

WiMax and 3G (3rd generation) provide wireless transmission of data in a variety of ways, ranging from point-to-point links to full mobile cellular-type access. The technologies offer broadband speed without



Prem Chand

cables.

Analysing the present mobile market trend, Chand believes wireless technology is more realistic than wire to provide broadband internet for grassroots people.

"At this moment, it does not make sense if we think the country's 85,000 villages will have wire connections,"

he said. "So, the solution is to go for wireless."

"And here, the question is which would be the more relevant technology for Bangladesh -- WiMax or 3G?" Chand said.

Both the technologies have their own parts to play. However, he prefers 3G to WiMax for Bangladesh market.

Any new technology uplifts growth. But it depends on how much customers actually can pay for the services offered by the technology

"I think 3G is more suitable for Bangladesh," he said. Mobile phone operators have their infrastructure to introduce 3G in the country.

In line with BTRC's plan, three 3G licences will be allocated to the mobile operators. Besides, another 3G licence may be awarded to state-run mobile operator TeleTalk.

The 3G technology can provide a wide range of services including wide area wireless voice telephony, video calls, and broadband wireless data transfer facility -- all in a mobile environment.

Chand explained 3G's relevance to Bangladesh: "3G is more affordable than WiMax."

Citing the example of Pakistan, he said at present only 20,000 customers use WiMax in Pakistan although the service was launched there one and a half years back.

"At this moment you don't have enough handsets available for providing WiMax services," he said.

WiMax sets are not available to that extent compared to 3G sets in terms of costs and features, according to Chand.

Nokia is the world's leading mobile phone maker with a global market share of almost 40 percent. Government and industry sources estimate that the Finnish group accounted for around 75 percent of

all new handsets sold in Bangladesh last year.

In such a market like Bangladesh, Chand believes that around 15 percent mobile users of the total 44 million will go for 3G services from the beginning.

Nokia in Bangladesh is preparing for it.

According to him, already 1.5 million 3G-enabled handsets have been sold in Bangladesh and of these handsets most are of Nokia brand. "So for Nokia in Bangladesh, 3G is not a big challenge."

According to a Nokia financial report, the company now expects industry mobile device volumes in 2008 to grow 10 percent or more from the approximately 1.14 billion units Nokia estimated for 2007.

Nokia's global market share for the second quarter that ended in June 2008 was 40 percent, up from 38 percent in the second quarter of 2007 and 39 percent in the first quarter of 2008.

The company's year-on-year market share increase was driven primarily by its strong position in the fastest growing markets globally and by strong share gains in Latin America, Asia-Pacific and a slight increase in North America.

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LABOUR MARKET

Nepali exodus for overseas work

AFP, Kathmandu

Tej Man Prajapati's mother was inconsolable as she tearfully blessed her son on the forehead with red powder before he went through security at Nepal's scruffy international airport.

Prajapati was leaving to start a job cleaning factories in Qatar, one of hundreds of thousands who despite a new Maoist-led government promising radical change, see no future in the impoverished Himalayan nation.

"I voted for the Maoists, and I believe that they genuinely want to change the country," said Prajapati, 24, who expected to earn 430 dollars per month, a fortune in Nepal where the average annual salary is around 350 dollars.

"But the changes they talk about will take ages, and I can't afford to wait for them," said the man from a pottery-making caste, before he left to join around 200,000 of his countrymen already in the tiny oil- and gas-rich Gulf state.

Nepal's Maoists ended their bloody "people's war" two years ago, and after winning elections earlier this year, now lead the coalition government.

The decade-long conflict decimated the economy, and economists have said the cash sent back from overseas workers has been a major factor in preventing economic meltdown.

With at least one billion dollars sent back annually by 2.2 million overseas workers, Nepal is one of dozens of developing countries that depend on remittances.

But the Maoists ruling the country have vowed to stop the practice.

In their election manifesto the Maoists promised "circumstances which force Nepali youth to travel to foreign countries shall be ended".

After gaining power, they are finding that vote-winning rhetoric and economic reality are two different things.

"We realise we can't stop youth from going abroad for employment because we do not have job opportunities for them," Maoist spokesman Krishna Bahadur Mahara told AFP.

The Maoists say they will only act to stop the practice after they have delivered promised "revolutionary economic reforms".

"It will take at least nine or ten years before we can introduce policies regarding people working abroad," Mahara said.

Since the Maoists signed up for peace in 2006, the number of workers abroad has risen, with a 12 per cent increase in numbers leaving in the last financial year.

In the last two years around 400,000 workers have left Nepal, mainly for Gulf states and Malaysia.

As well as those travelling to work legally, tens of thousands of others have headed illegally to work in Afghanistan and Iraq, for high-risk jobs in the security and service sectors.

Former police officer Ramesh Singh Chettri recently travelled from Kathmandu to Kabul to restart his 750-dollar-a-month job as a security guard on a British military base in Afghanistan.

He is contracted for 16 months, to work 12 hours a day, seven days a week, with one day off a month.

"It can be a very scary job, and

it's very hard work," said Chettri, 31, adding that there are thousands of Nepalis working in Afghanistan and Iraq despite a ban on working in those countries imposed by their government.

Former British Gurkhas command the highest salaries but they are vastly outnumbered by drivers, cleaners and cooks seeking the illegal but lucrative work.

"There are no opportunities for me in Nepal. The best I can expect here is a 100-dollar-a-month job as a security guard," said Chettri.

Devendra Bhattarai, a journalist based in the Middle East for the Nepali Kantipur newspaper, estimates there are around 25,000 Nepalis working in Iraq alone.

"There are around 50 large American bases and we reckon there are around 500 Nepalis in each," he said.

But even in countries that are not war zones, there are dangers for Nepali overseas workers.

"In the Gulf countries there are at least five or six Nepali migrant workers dying each week," he said. "Working conditions are often dangerous and there are a lot of bad accidents. Heart attacks due to the extremity of the climate are also common."

At Kathmandu airport as Prajapati said goodbye to his mother, he was aware that he faced a tough job, but was optimistic that his time in Qatar would provide him with a better future.

"I will think about returning only at the end of two years. I hope to buy a taxi or start a small business. It's not that I want to leave, but there is no choice."



A group of Nepalese migrant workers prepare to depart the country at Tribhuvan International Airport in Kathmandu on September 4, 2008. Nepal is trying to recover from the devastating civil war that ended two years ago, but young people are leaving the Himalayan country in higher numbers than ever.